

## Employment as the Most Important Factor in Poverty Reduction

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**Abstract:** This article examines the relationship between employment and poverty reduction in Uzbekistan. The introduction highlights the importance of poverty reduction as a social policy objective and the negative effects of poverty on individuals and society. The main part of the article discusses the definition of employment and its significance as a socio-economic indicator, as well as the problems faced by the labor market in Uzbekistan. In conclusion, the article emphasizes the need for strategic solutions to employment issues in order to improve the standard of living and competitiveness of the country.

**Keywords:** labor, employment, full employment, productive employment, effective employment, standard of living, poverty.

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### INTRODUCTION

Raising the standard of living of the population is the main goal of social policy and the main criterion for its effectiveness in any civilized country. Poverty reduction is one of the most important components of achieving this goal.

Poverty affects the most diverse areas of public life, adversely affecting both the development of a particular person, a particular family, and society as a whole. It leads to a deterioration in the qualitative characteristics of the population, an increase in socio-economic and gender inequality, is a brake on successful social development and can be the cause of social cataclysms.

Strengthening the social protection of citizens and reducing poverty are identified as priority areas of the state policy of the Republic of Uzbekistan.

One of the factors in reducing poverty is the increase in the level of employment. In this regard, the study of employment issues as a factor in poverty reduction is very relevant.

Despite the large number of publications devoted, on the one hand, to the study of poverty itself (from the standpoint of income, consumption, etc.) and, on the other hand, to the study of the labor market, we note that an integral comprehensive study of the phenomenon of poverty in the system of labor relations in all its complexity and diversity has not been carried out so far. Therefore, it is objectively necessary to look at the problem of poverty from a broader, reproductive position - from the position of relations in the labor market, to understand the deep relationship between poverty and employment. The above predetermined the purpose and objectives of the study, as well as the logic of the study.

### METHODS

In this study, we seek to understand the deep relationship between poverty and employment. Despite numerous publications devoted to poverty and the labor market, a comprehensive study

of the phenomenon of poverty in the system of labor relations in all its complexity and diversity has not yet been carried out. Therefore, it is necessary to look at the problem of poverty from a broader, reproductive point of view - from the point of view of relations in the labor market. To achieve our goal, we compared the definitions of employment indicators in accordance with the methodology of the International Labor Organization (ILO) and the Law of the Republic of Uzbekistan "On Employment".

## RESULTS

Employment is the most important socio-economic indicator of the development of society, characterizing the level and quality of life of the population. Employment as a socio-economic category represents a set of relations regarding the participation of the population in labor activity. In economic terms, this category expresses the degree of inclusion of the able-bodied part of the population in labor, the degree of satisfaction of social needs for workers and personal needs, as well as interest in paid work, income generation.<sup>1</sup> From these positions, employment is the most important characteristic of the labor market. However, employment is not only an economic phenomenon. It is noteworthy that it depends on demographic processes, has a significant impact on the level and quality of life of the population, and is part of social policy. In this regard, it has an important not only economic, but also social content. Therefore, it is advisable to consider employment not just as an economic category, but also as an important social category.

In the law of the Republic of Uzbekistan "On Employment of the Population", employment is defined as the activity of citizens, consistent with the law, related to the satisfaction of their personal and social needs, bringing them earnings (labor income).<sup>2</sup> However, it should be noted that employment is characterized not only by activity, but also by periods of temporary inactivity of people due to illness, vacation periods, retraining, advanced training, and other reasons. In this regard, it is advisable to define the socio-economic category of employment as the state of its economically active part, which is characterized by the fact that people have a job or a profitable occupation.

In order to understand the content of this concept, we compared the definitions of indicators of the number employed according to the methodology of the ILO and according to the law of the Republic of Uzbekistan "On employment". Comparing the categories of "employed" in both sources, we came to the conclusion that, in general, they coincide. However, in the ILO methodology, the category of employed is interpreted more broadly than it is defined in the law of the Republic of Uzbekistan "On employment of the population" and this difference must be taken into account when analyzing employment indicators and in cross-country comparisons.

Within the framework of a broad interpretation, the category "employment" expresses socio-economic relations regarding the application of the labor of workers in various spheres of the public economy.

The increased interest in employment problems is explained by the fact that the role of social factors of economic growth is increasing as never before. Employment relations in our republic reflect many of the contradictions of the transition period, in which the characteristic features of employment in the pre-reform period and new trends inherent in a market economy are intertwined. For example, the implementation of the market principles enshrined in the law "On Employment of the Population" (full, freely chosen employment) is blocked by such difficulties and the principle inherited from the past as universal and full employment ("who does not work, he does not eat"), due to low productivity labor, a high proportion of low-paid workers formally employed in the economy. It is difficult to overcome the outdated sectoral and professional structures of employment of an industrial type (whereas developed countries are intensively moving to postindustrial structures). The huge qualification and intellectual potential of young workers is far from being fully and not

<sup>1</sup>Bulanova V.S., Volgina N.A. Labor market. Moscow: Exam Publishing House, 2003.

<sup>2</sup>Law of the Republic of Uzbekistan "On Employment of the Population" No. ZRU-642 dated 10/20/2020. [Electronic resource]. Access mode: <https://lex.uz/ru/docs/5055696> (date of access: 10.09.2022)

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fully used effectively, with all the ensuing negative consequences for the development of society. In other words, the situation in the field of employment in the country still remains inadequate to the requirements of a modern market economy.

Whereas the implementation of strategic approaches to the creation of a socially oriented market economy requires the identification and timely solution of urgent problems of employment of the able-bodied part of the population, the effective use of the country's huge labor potential in order to ensure the country's competitiveness in the world market.

There are many reasons for this current state of employment in the Republic of Uzbekistan. In the process of research, we managed to find out the following of them: structural changes in the economy, increased requirements for the quality of professional knowledge and the formation of an industrial-innovative economy, the difficult demographic situation that has developed in the country and a resource-saving mechanism for the functioning of a market economy, which urgently requires getting rid of redundant, formally employed workers and others. All this, of course, has a negative impact on the situation on the labor market: on the level of employment and unemployment, on the problems of employment of young people, women with young children, people of retirement age, people with disabilities and other groups of the population that are not competitive enough in the labor market, etc. .d.

Reforming social and labor relations is more difficult than the general macroeconomic conditions for development. Since for each person, reforms in the field of employment are associated with the - need to adapt and change the economic, social and psychological stereotypes that have sometimes evolved over more than one decade. In addition, at the initial stage of the reform, all problems were reduced to unemployment (its scale, forms of manifestation, regional peculiarities). The main goal of the employment policy was to create mechanisms for coordinating the demand and supply of labor, i.e. labor market. Such problems of the use of labor potential at the macro level, such as the formation of its economic activity, labor motivation, sectoral and professional structures, the redistribution of labor between sectors and activities, and increasing the productivity of personnel, were not given enough attention both in scientific research and in the activities of the central government. nye economic departments and the government as a whole.

In fact, until now, many scholars proceed from the fact that the labor market will gradually regulate all employment problems. We think that this is not quite the right approach. For the arguments in favor of such an approach are drawn from the experience of economically developed countries. At the same time, it should probably be taken into account that all developed countries have long gone through strict regulation of many employment processes and, moreover, not a single country has experience of leaving the totalitarian system of employment .

Consequently, today a new approach to the complex problems of employment is needed to determine the goals and directions of its regulation.

It seems to us that the liberalization of the national economy in the process of further deepening economic reforms will have a positive impact on solving the acute problems of employment and achieving a balance between supply and demand in the labor market. This is explained by the fact that the release of economic entities from excessive state tutelage on the basis of a reduction in its economic power, further expansion of the economic freedom of these entities will contribute to an increase in the volume of their economic activity. This means that new jobs will be created, there will be an opportunity for employment of many unemployed, the ratio will gradually balance between the supply and demand of labor in the labor market, its price and wages will rise to levels capable of providing the working people with a decent standard of living. The process of modernization of the national economy in the course of deepening the reform of the economy and the huge efforts made by the government to accelerate the development of the business sector will have a very strong positive impact on the development and expansion of production in the field of small and private businesses. Huge opportunities for the accelerated development of this sector are created by the Strategy for the Development of New Uzbekistan put forward by the President of Uzbekistan "... creating conditions for

organizing entrepreneurial activities and forming permanent sources of income for the population, bringing the share of the private sector in gross domestic product to 80 percent, in exports - up to 60 percent. " <sup>3</sup>The gradual decrease in the role of the state in regulating the economy, overcoming unnecessary barriers stimulates the further development of entrepreneurial initiative, thereby creating favorable conditions for the employment of all those who want to work and ensuring the quality of life of the population.

Therefore, in the course of implementing the program to further deepen economic reforms and liberalize the economy, it is advisable to use more effective economic mechanisms to support small businesses and private businesses, to pursue a more active investment policy in the field of accelerating the development of this sector of the national economy as the main generator of creating new jobs and providing jobs for everyone work. The level of development of this sector is one of the most important parameters for achieving a high standard of living for the population.

Solving urgent problems of improving the standard of living of the population on the basis of ensuring its employment and increasing labor income is inextricably linked with the achievement of productive employment that can provide society with the necessary social and economic results. It is on ensuring productive employment, in terms of achieving a new quality of human development and a high standard of living for workers, that a modern approach to assessing the processes of using labor resources and the country's labor potential should be based.

The International Labor Organization (ILO) defines decent work as an opportunity to get workers employed in jobs where they can obtain adequate professional knowledge and productivity in conditions of freedom, equality, social security and human dignity. <sup>4</sup>Based on this, it is of particular importance to ensure not just employment of people, but their productive employment in conditions of human dignity, which is capable of ensuring the necessary level of economic well-being.

The concept of "productive employment" appeared under the influence of conventions and recommendations adopted by the ILO. For the first time, a policy aimed at creating productive employment was announced at the ILO General Conference back in 1964 and reflected in Convention 122 "On Employment Policy".<sup>5</sup>

Productive employment can be viewed as employment that ensures economic growth and social development based on the efficient use of working time. Proceeding from this definition, the market system of management creates, in comparison with the planned one, better conditions for solving the problems of ensuring productive employment of the able-bodied population. For market relations are always aimed at the rational use of factors of production in order to maximize profits. One of the important and complex aspects of this problem is to determine the ways of the most efficient use of labor resources, i.e. determination of the optimal employment model that can ensure a sustainable growth in people's well-being.

The most important characteristic of productive employment is the wages of the worker. By and large, and in accordance with the laws of the market economy, all people who have a job or are looking for it, strive to have a higher level of wages in order to provide themselves and their family members with a decent existence and economic well-being.

The level of wages can be measured by comparing an employee's wages with a living wage.

<sup>3</sup>Development Strategy of New Uzbekistan for 2022-2026. Appendix No. 1 to the Decree of the President of the Republic of Uzbekistan dated 28.01.2022 No. UP-60. [Electronic resource]. Access mode: <https://lex.uz/ru/docs/5841077> (accessed 10.09.2022).

<sup>4</sup>Decent Work: Report of the Director-General of the ILO to the International Labor Conference (87th session 1999). Geneva: ILO, 1999. - p.5.

<sup>5</sup>ILO Convention 122 "On Employment Policy". [Electronic resource]/ Access mode: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---normes/documents/normativeinstrument/wcms\\_c122\\_ru.htm](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/normativeinstrument/wcms_c122_ru.htm) . (accessed 10.09.2022)

Such a comparison makes it possible to identify workers with low, inadequate wages. From an economic point of view, it is productive employment that can provide workers with a higher level of wages, which provides a decent standard of living and the possibility of developing the human potential of an individual.

From this point of view, of greatest interest to us may be all the problems of employment in general and productive, in particular, the solution of which ensures the achievement of the final goal. This is, on the one hand, dynamic and sustainable economic growth based on an increase in the labor activity of employees and the efficient use of labor resources, and on the other hand, the achievement of a social effect by increasing the labor income of the population and raising its standard of living.

In any society there is an objective interrelation and interdependence between the actual working population and the nature and degree of its participation in social production.

Achieving full and efficient employment is one of the important tasks of social policy and an important problem of economic science.

The concept of "full employment" in different periods of the development of society was interpreted in different ways. This interpretation depended on the criterion underlying the characterization of this concept. In the Soviet period, such a criterion for science and practice was universal employment, the provision of jobs for the entire able-bodied population. The plan for creating jobs is determined on the basis of the forecast of the movement of labor resources. In the conditions of a centralized planning and distribution system, full employment is a state of the economy in which all labor resources are involved (so by the beginning of the 90s, 94% of the entire able-bodied population was employed in social production and other socially useful activities).

However, practice has shown that this level of employment is excessive, because damages other important aspects of life - people's health, family upbringing of children, contradicts the principles of granting the right to freely choose the sphere of application of labor and means of subsistence.

In Western thought and practice, full employment is a state of the economy in which everyone who wants to work, at the prevailing level of real wages, has a job. To characterize such a state as identical, the concept of "optimal employment" is often used.

To characterize full employment, modern scientists propose to take as a basis ensuring that jobs meet the needs of the population. However, not every workplace can meet the needs for it. This is evidenced by the presence of vacancies in the economy at the same time as the presence of the unemployed.

An economically viable workplace is a productive (socially useful, working capital, etc.) workplace that allows a person to realize his personal interest, achieve high labor productivity and have a decent salary that ensures the normal reproduction of the employee and his family members.

If the demand for economically viable jobs is met by the supply of labor force corresponding to the professional and qualification structure, this will mean full employment. Equilibrium or balance on this basis will provide the best results on the scale of the economy. Without the constant improvement of jobs, the creation of new ones that meet modern requirements and the withdrawal from the production process of old ones that do not meet the parameters of economic feasibility of jobs, it is impossible to achieve social progress, realize the interests of society and each individual, and hence increase the level and quality of life of people employed in the economy.

Achieving full employment cannot be achieved with the help of a single market mechanism, it is necessary to constantly regulate this process by the state and society. State regulation, first of all, is subject to fundamental sciences, health care, education, environmental and national security,

the functioning of natural monopolies.

But employment in society is also possible with some deviation of existing jobs from the status of economically viable jobs in terms of their professional qualifications and educational level. In such a situation, workers and the state bear certain socio-economic losses. Some workers will receive low wages that do not ensure a normal existence, while the state and society will receive fewer resources to the budget and social funds. Therefore, the problem of effective employment arises.

Efficient employment is the employment of the population that provides a decent income, health, educational and professional growth for each member of society based on the growth of social labor productivity.

The progressivity of the change in this indicator should be judged taking into account the initial level of employment and growth in labor productivity. High employment does not mean high efficiency if it does not increase labor productivity.

An equally important indicator of employment is the proportions of the distribution of the labor resources of society in the spheres of socially useful activity.

Similarly to the calculation of the coefficient of employment of the population by professional work, it is possible to determine the coefficient of employment by study and other types of socially useful activities.

In practice, such an indicator as the rational structure of the distribution of employees by industry and sector of the economy is often used. There are losses from the unsatisfied distribution of labor between industries and sectors. With rational employment, it is possible to avoid or reduce such losses and additionally receive a positive result, which will mean the rational use of labor. At the same time, this means an increase in the efficiency of employment.

An indicator is also used that is related to the optimization of the professional qualification structure of workers, which makes it possible to identify the correspondence of the professional qualification structure of the working population to the structure of jobs, and also to determine how much the training system corresponds to the needs of the economy.

The problem of ensuring productive employment of the population for Uzbekistan with its surplus labor resources and huge labor potential has always been of an acute social nature and therefore is of particular importance. In the republic, in the short term, the labor market will be influenced by demographic trends that were typical for the republic in the mid-1980s. The fact is that during this period in the republic there was a high level of population growth (3.3%) due to the high birth rate. At present, this part of the population, after graduating from educational institutions, is actively entering the labor market and, accordingly, demand for jobs. Today, the aggravation of the problems of employment and unemployment in Uzbekistan is also due to the release of superfluous and formally employed in the economy, especially in agriculture, workers and the return of a significant part of labor emigrants due to the worsening crisis in Russia and other CIS countries.

In this regard, an important task of today is a deep theoretical and empirical analysis of the problems of employment of the population of the Republic of Uzbekistan. The main goal of such an analysis is to identify the main factors and prerequisites that influenced the level and dynamics of employment, and on this basis to develop possible ways to increase its level as the most important condition for reducing the number of low-income people and improving the living conditions of the general population.

In Uzbekistan, the share of people employed in the economy is relatively low - 39.2% <sup>6</sup>(2021 ) of the total permanently residing population. While this figure in Russia reaches 46.5%, in

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<sup>6</sup>Official site of the State Statistics Committee of the Republic of Uzbekistan. [Electronic resource]. Access mode: [www.stat.uz](http://www.stat.uz) . (accessed 10.09.2022).

Kazakhstan - 44.0%, in Germany - 43.4%, in the UK - 48.0%, in the USA - 49.8%. Consequently, in Uzbekistan, there is a greater number of dependents per worker, which cannot but affect the standard of living of the population. According to official statistics, the unemployment rate in the republic in 2021 amounted to 9.6 %, it has become a serious problem for 1438.1 thousand people.<sup>7</sup> economically active population. They cannot find useful employment in the world of work and find employment due to the lack of suitable work; in most cases, they are potential poor. At the same time, one should take into account the fact that there are unemployed people who are not taken into account by official statistics. Taking them into account, the level of actual unemployment in the country may turn out to be much higher compared to the level officially announced by the statistical authorities. As a result of all this, there is a clear shortage of jobs, and the creation of many new ones and, on this basis, providing the unemployed with suitable jobs is of the utmost importance. Further growth in the level of employment can play an important role in solving this problem, which is very important at this stage of development, i.e. problems of reduction of low-income low-income families. Since there is a direct relationship between the level of employment of the population and the level of income: as the level of employment increases, the level of income rises. According to a sample survey of households the poverty rate in Uzbekistan in 2021 was 17.0%, which decreased by 10.5 points compared to 2000 (2000-27.5%) .<sup>8</sup> During a videoconference meeting on February 27, 2020, the President of Uzbekistan noted that 12-15 percent, or 4-5 million of the population of our country, is in a state of poverty. This means that their daily income does not exceed 10-13 thousand soums.<sup>9</sup> For example, if the salary of an employee is \$ 300 per month, then for a family that consists of 5 people, even if only one of the family members is working, then such a family can already be considered relatively prosperous, living above the poverty line. For the average daily income per 1 family member will already be \$ 2. It should be noted here that in Uzbekistan the vast majority (more than 80%) of families also have other sources of income (income from personal subsidiary plots, income from small businesses, income from secondary employment, etc.). Moreover, prices for utilities and a significant portion of consumer goods are well below world prices. If we take into account all this, then in Uzbekistan the average daily income of \$ 2 creates not very bad conditions for human life. Moreover, over the period from 2010 to 2021, the average monthly nominal wage of employees increased seven times and amounted to 3,540.5 thousand soums in 2021.<sup>10</sup> Note that the average family size in Uzbekistan consists of 5.1 people. According to statistics, there are on average 2.1 workers per family.

If the level of employment in Uzbekistan is brought to the world average, this will mean that the level of employment in the republic will increase by 4-5%. Calculations have shown that each percentage increase in the level of employment can bring about 550.0 thousand people out of a difficult economic situation. Consequently, on the basis of achieving the world average level of employment in the country, the number of poor people could be reduced by 2.2-2.8 million people. (In Uzbekistan, the number of employed people in 2021 amounted to 13538.9 thousand people, and the number of families - 5308.2 thousand).<sup>11</sup>

During the period of reforms in the republic, the share of wages in the total monetary income of the population increased from 25.0% in 2010 to 27.6% in 2021. During this period, business and property income increased at a faster rate. As a result, the share of income from these sources

<sup>7</sup> Official site of the State Statistics Committee of the Republic of Uzbekistan. [Electronic resource]. Access mode: [www . stat . uz](http://www.stat.uz) . (accessed 10.09.2022).

<sup>8</sup> Official site of the State Statistics Committee of the Republic of Uzbekistan. [Electronic resource]. Access mode: [www . stat . uz](http://www.stat.uz) . (accessed 10.09.2022).

<sup>9</sup> Poverty in Uzbekistan. [Electronic resource]. Access mode: <https://review.uz/post/bednost-v-uzbekistane> . (accessed 10.09.2022).

<sup>10</sup> Official site of the State Statistics Committee of the Republic of Uzbekistan. [Electronic resource]. Access mode: [www . stat . uz](http://www.stat.uz) . (accessed 10.09.2022).

<sup>11</sup> Official site of the State Statistics Committee of the Republic of Uzbekistan. [Electronic resource]. Access mode: [www . stat . uz](http://www.stat.uz) . (accessed 10.09.2022).

increased from 35.3% in 1995 (the first years of market reforms) to 59.4% in 2021.<sup>12</sup> At the same time, the relatively low share of wages in the total monetary income of the population is to some extent due to the low level of employment and the relatively low wages of workers, in particular those in the public sector and agriculture, which employ more than half of the labor force.

## DISCUSSION

We believe that the above trend is not positive. In our opinion, labor income in the form of wages is the main factor in overcoming poverty and therefore is extremely important for reducing its size. Not every person can actively and successfully engage in entrepreneurial activity, turning it into a reliable and significant source of income for the family budget, since for this it is necessary to have, in addition to certain external favorable conditions, material and financial resources, also the desire and entrepreneurial abilities. Alas, not every member of society is endowed with the talent of entrepreneurial art. Therefore, for a reasonable solution to the urgent problems of poverty reduction, first of all, it is necessary to increase the share of labor incomes of the population (through an increase in the level of employment and a further increase in the average wage).

Labor relations in Uzbekistan reflect many of the contradictions of the transition period, in which the characteristic features of pre-reform employment and new trends inherent in a market economy are intertwined. The implementation of the market principles enshrined in the law "On Employment of the Population" (full, freely chosen employment) is blocked by difficulties and the principle of universal and full employment inherited from the past ("who does not work, he does not eat"), due to low labor productivity, a high proportion of formally employed low-paid workers, outdated industrial and professional industrial-type employment structures, as well as inefficient use of the country's vast labor potential. Therefore, there is an urgent need to identify and solve the problems of employment of the able-bodied population of Uzbekistan and the effective use of the country's labor potential to ensure competitiveness in the world market.

## CONCLUSION

Thus, employment is the most important condition for overcoming poverty and raising the standard of living of the population of a country with excess labor resources. In this regard, it is necessary to develop an effective mechanism for ensuring employment of the population and regulating the labor market, which would allow the maximum combination of market relations in the labor sphere and high social protection of people from unemployment.

An important role in solving urgent problems of employment and poverty reduction in the republic was played by the consistently pursued social policy of the government. A targeted policy is being pursued in the republic to systematically increase wages, increase the level of employment, measures are being taken to increase wages, create new jobs, stimulate small and private businesses, as the main factor in creating new jobs. In the republic, priority is given to the broad development of various forms of home-based work, including its cooperation with large industrial enterprises. The beginning of the development of home work was set by the Decree of the President of the Republic of Uzbekistan "On measures to stimulate the expansion of cooperation between large industrial enterprises and the production of services based on the development of homework". Strengthening cooperative ties between large industrial enterprises and homeworkers solves the important problem of increasing family budget incomes, makes it possible to drastically reduce the number of the unemployed population and involve its active part in production activities. At the same time, work experience is taken into account, which gives them the right to assign them pensions and social insurance benefits. Although the currently used system for stimulating and developing home-based work is not devoid of certain shortcomings, nevertheless, this form of attracting people to socially useful work has earned an

<sup>12</sup>Official site of the State Statistics Committee of the Republic of Uzbekistan. [Electronic resource]. Access mode: [www.stat.uz](http://www.stat.uz). (accessed 10.09.2022).



important place in solving employment problems in a short period of time .

As is known, a natural result of market development is the increased differentiation of the size of the population's income, the stratification of society into the rich and the poor. In our opinion, in order to reduce the level of income differentiation of the population, it is necessary to improve the system for regulating the consumption of the rich through various taxes. Measures to reduce the size of the shadow economy can also help reduce income differentiation.

In solving the problems of employment and poverty reduction in the republic, the development of the service sector and science-intensive high-tech production should play an important role. The development of the service sector contributes to the creation of new jobs. “ Development of the service sector and services in the regions with an increase in the next 5 years in the volume of services by a factor of three and the creation of 3.5 million new jobs in this area.”<sup>13</sup>

The transition to a market economy means intensive use of all factors of production, including labor resources. With the development of market relations and the transition of the economy to an intensive path of expanded reproduction, as well as the development of scientific and technological progress, the number of people employed in the sphere of material production will constantly decrease. The workers released from the sphere of material production can find real employment and work in the service sector. In Western countries, with a high level of well-being of the population and with a developed market infrastructure, the average employment rate in the service sector reaches up to 70-75%. At present, this indicator in our republic is 36.5%.<sup>14</sup> The difficult demographic situation, caused by high rates of natural population growth, requires the effective use of the service sector as the main social shock absorber, designed to have a mitigating effect on the imbalance of the labor market.

Another no less important sphere of application of labor and a source of income for the population is small business and private entrepreneurship. This is the most flexible part of the labor market, absorbing the bulk of the labor force of low qualifications and lack of experience, who want to have a flexible working day. It is the possibility of maintaining employment through the development of economic self-activity of people and the mobilization of their entrepreneurial potential that makes small business one of the tools for regulating the labor market, which allows solving acute employment problems without significant investments from the state. Currently, 76% of the employed account for small and private businesses.<sup>15</sup>

In modern conditions, in solving acute problems of employment, income and living standards of the population of the republic, a special place belongs to labor migration, which carries both positive and negative social consequences. Forming and putting into practice the state policy, one should know and take into account all the positive and negative consequences of this phenomenon, which has received a surge in Uzbekistan in the era of transition to market relations. All this will be discussed in more detail in the next chapter.

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<sup>14</sup>Official site of the State Statistics Committee of the Republic of Uzbekistan. [Electronic resource]. Access mode: [www.stat.uz](http://www.stat.uz) . (accessed 10.09.2022).

<sup>15</sup>Official site of the State Statistics Committee of the Republic of Uzbekistan. [Electronic resource]. Access mode: [www.stat.uz](http://www.stat.uz) . (accessed 10.09.2022).

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